

# **LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY ("LARA")**

## **REQUEST FOR PROPOSALS ("RFP") FOR AFFORDABLE HOUSING DEVELOPMENT**

LARA requests proposals for the construction of not less than five (5) nor more than fifty (50) affordable houses on the properties identified on **Exhibit A** attached hereto, which **Exhibit A** may be amended from time to time. The parcels may be developed and/or subdivided as more particularly described in **Exhibit A**. Digital views of the parcels are attached as **Exhibit B**.

LARA will accept proposals for review and possible acceptance under this RFP, on a "first received -- first considered" basis, commencing April 24, 2007 thru December 31, 2007. LARA reserves the right to accept or reject any proposal offered.

### **1. Payment to Builders**

Bidders are asked to bid on describing certain characteristics of houses they will build for a maximum of \$99,000. For multi-family units, primarily duplexes, the equivalent maximum price per residential unit is \$80,000. Those costs exclude land costs, closing costs paid by buyer, and the CDC marketing/development fee. That \$99,000 or less, along with the cost of the land, closing costs and the CDC marketing/development fee, shall be paid out to the builder of the proceeds of closing. See Section 3 for a definition of the sales price.

### **2. Prices and Take Down for Lots**

The lot sales prices to be paid to LARA are shown on **Exhibit A**. A successful bidder may take down all lots awarded to it at the initial closing. Alternatively, a successful bidder may submit a one-year take-down schedule, subject to approval by LARA.

The details of the takedown will be commercially reasonable and defined in documents to be executed with selected builders. Except as provided below, the closing must occur within 30 days of selection of the successful bidder. The lot will be conveyed in fee simple to the builder at the time of closing, with good title. The City and LARA have worked closely with one or more title companies to ensure the availability of title insurance. The Selection Panel may extend the time to close for a reasonable period.

### **3. Calculation of Sales Price to Buyer and Targeted Monthly Payment**

The house sales price will be the total of the amount paid to the seller, \$99,000 (or less if the developer bids less), and the costs borne by LARA or the City, as shown below. Public

funds will be used to defray the costs to the buyer to a monthly payment of between \$850 to \$950/month.

<b><u>Included in the Sales Price of the Finished Home to the Homebuyer</u></b>		<b><u>Not Included in the Sales Price of the Finished Home to the Homebuyer</u></b>
<b><u>Costs Included in \$99,000</u></b>	<b><u>Costs Not Included in \$99,000</u></b>	
<ul style="list-style-type: none"> <li>• Lot development costs, e.g., site survey, site work, driveway/culvert clearing (not including any extraordinary environmental remediation)</li> <li>• Applicable regulatory fees</li> <li>• Builder's hard costs</li> <li>• Construction financing</li> <li>• Builder's soft costs, including margin and builder's marketing costs</li> <li>• Builder's closing costs</li> <li>• Property taxes while lots are in builder inventor</li> <li>• Homeowner's warranty and warranty provision.</li> </ul>	<ul style="list-style-type: none"> <li>• Land costs</li> <li>• CDC Marketing fee</li> <li>• All realtor's fees</li> </ul>	<ul style="list-style-type: none"> <li>• Third Party Warranty inspection costs paid by the City of Houston</li> <li>• Water or Sewer taps and extensions to the curb-street edge and any necessary street-cuts paid by the City of Houston</li> <li>• Additional environmental investigation costs beyond Phase 1 paid by LARA</li> <li>• Closing costs paid by the buyer</li> </ul>

#### **4. Financing**

Down payment assistance may be available for qualified purchasers, based on the criteria and processes attached hereto as Exhibit I, which also includes special provisions applicable to qualified teachers, police officers, fire fighters and EMS personnel.

#### **5. Eligibility Criteria**

##### **Category 1**

Bidders, to be eligible, must have a track record, of building at least 12 residential units within the last 5 years, without significant valid customer complaints (such as may be reported by the Texas Residential Construction Commission and the Better Business Bureau) and owe no delinquent taxes or other debt to the City.

If the bidder is not a community development corporation ("CDC"), the bidder must before closing enter into a contract with a CDC identified on **Exhibit C-1**, attached hereto

("Participating CDCs"), on terms substantially similar to **Exhibit D**, attached hereto. The Participating CDCs listed on **Exhibit C-1** have been previously selected pursuant to a request for qualifications process using the criteria set out in **Exhibit C-2** attached hereto. Marketing/development payments to the Participating CDC will be paid out of closing proceeds.

Participating CDCs which are actively involved in the Houston Hope project pursuant to a contract with a non-CDC successful bidder ("Building Partner"), may, with the approval of the Houston Hope working group headed by the Mayor of the City, add or replace such Building Partner, provided that such replacement Building Partner meets all the requirements of this RFP. No further RFPs or proposals will be issued or required with respect to the selection of such replacement Building Partner.

### **Category 2**

Bidders, to be eligible, must be a charitable organization that has been or whose sponsor organization has been a recognized national or Citywide charity which has been in existence for at least 5 years and whose purpose is to provide affordable housing.

## **6. Development Standards**

The properties are subject to the most stringent applicable building set-back standards pursuant to either: (1) recorded deed restrictions (as indicated in **Exhibit A**, attached hereto); (2) recorded subdivision plat or other existing recorded restrictions (as also indicated in **Exhibit A**, attached hereto); or (3) applicable City standards for new development (pursuant to Chapter 42 of the City's Code of Ordinances and as summarized in **Exhibit E**, attached hereto).

Each of the properties also will be subject to new recorded deed restrictions in the forms attached hereto as **Exhibit F-1** and **Exhibit F-2**. **Exhibit F-1** sets out new restrictions which control the development and sale of the lots as affordable housing and impose income limits and residency requirements. **Exhibit F-2** sets out prohibited land uses.

NOTE: All construction must be warranted for a period of at least one (1) year. Third-party inspections by qualified inspectors will be performed on all homes before the expiration of the warranty period at no cost to the bidder.

## **7. Construction Standards**

Houses may be of pier and beam or slab on grade construction. Houses may be constructed on-site or may consist of modular units, constructed off-site. Houses may not exceed two stories; shall have hookups and room for side-by-side washers and dryers; shall have space for a 30" cooking range and a 36" refrigerator.

All bidders must certify that they will build into the units the energy efficiency standards incorporated in **Exhibit G**, attached hereto. CenterPoint may reimburse the builder for up to \$1,000, depending on square footage, of the incremental expenses associated with these enhancements.

The bidder shall provide one or more proposed floor plans and elevations, and information that would assist in the ranking of each bid for each lot, including the following:

- a. Foundation construction for each house.
- b. Exterior materials and treatments.
- c. Roof materials.
- d. Window type and construction.
- e. Energy efficiency features.
- f. Mechanical system construction, tonnage, and SEER rating.
- g. Specifications regarding Electrical System design.
- h. Specifications regarding Plumbing System design, as well as types of fixtures and tub/shower enclosure construction.
- i. Interior Finishes.
- j. Specifications regarding millwork and cabinetry construction.
- k. Specifications regarding features of the house that enhance security of the house and residents.
- l. Specifications regarding long-term durability and maintenance of the materials and systems within the house.
- m. Specifications regarding landscaping features including, driveway and trees, both existing and proposed.
- n. Specifications regarding other amenities such as garage, fencing, or other, if applicable.

The builder need not match specific plans with specific parcels. If there are multiple plans submitted, then the plan(s) suitable for each lot will be determined and finalized in documents prior to closing.

## **8. Utilities and Building Permits**

Information concerning the water and sewer utilities to the curb, and the location of the utility tie-in for each lot, is shown on **Exhibit H** attached hereto.

The City will waive impact fees and will bring taps to the lot edge. All other lot development costs will be the sole responsibility of the bidder.

For each lot there will be an identified City employee reporting directly to the Mayor's Office with the responsibility of performing those permitting responsibilities of the City on an expedited basis.

A team will be available at CenterPoint Energy to expedite correction of electricity and gas service.

## **9. Environmental**

The properties are offered in their existing environmental condition. Prior to sale of any parcel, an EPA Phase 1 environmental assessment will be completed and a report will be available for reference to determine environmental conditions in advance of purchase. If during construction an unforeseen environmental condition is encountered, LARA reserves the right to repurchase the parcel. LARA and the City reserve the right to delete properties from this RFP based on the results of the Phase 1 assessments or any other reason.

## **10. Completion of Construction**

Dwellings must be ready for occupancy according to the timeframe and agreed take-down schedule as defined in the lot sale contract. The LARA may, at its discretion, extend this deadline for a reasonable period.

## **11. Award Process**

Bids will be awarded based on a scoring by the Selection Panel based on the criteria and weightings defined in **Exhibit J**. The quality and livability of the structure, the experience of the builder, and the amount paid to the builder will be the features of the bid most highly weighted. In cases where bidders offer substantially similar houses, the bid offering the lowest cost house, i.e. the bid most below \$99,000 per house, will receive favorable consideration.

The Selection Panel will be comprised of a limited number of individuals from the LARA Board of Directors (representative of the major tax jurisdictions) and disinterested housing professionals selected by the Mayor of the City of Houston.

All responses to this RFP shall be filed electronically with the City, by submitting plans and documents via email attachment(s), in PDF format (Portable Document Format), to [LARA@cityofhouston.net](mailto:LARA@cityofhouston.net). Delivery of hardcopy documents is not acceptable. Delivery of proposals by standard or certified mail is not acceptable. If email attachment size, access to Internet service, or other technical considerations make email transmission impractical, the PDF files may be copied to CD, or DVD and delivered in person to:

***City Of Houston  
Planning and Development Department  
611 Walker Street  
6<sup>th</sup> Floor Lobby  
Houston, TX 77251***

The Selection Panel reserves the right to request additional information, after submittal, as may be necessary to adequately assess each response. The Selection Panel further reserves the right to delete or substitute properties at its sole discretion for any reason and at any time and to change this RFP process and the timing of any actions, based on its needs and on the responses.

## **12. Negotiation with Bidders on Adding or Subtracting Lots**

Because bidders are allowed to choose from 5 to 50 lots which they seek to buy and develop, it is possible that some lots may receive no bidders and other lots may have multiple bidders. It is the intention of LARA and the City of Houston to obtain purchasers for the maximum number of lots. For this reason, a member of the Selection Panel may negotiate with private or CDC builders to determine if there is a mutually-agreeable basis for the addition of lots to some bids. No additional lots will be required as a condition of the bid, unless it was on terms agreeable to the individual builder.

If there are multiple acceptable bids covering the same property, then the desire to obtain some competitive product in the same area might be a consideration in determining the bidder selected for a certain lot, in addition to the criteria listed in **Exhibit J**.

## **13. Option to Develop Other Lots Owned by LARA**

By the time final bids are due in response to this RFP, LARA may own additional properties to be developed. The successful bidders may be given the option to develop lots in the vicinity of the lots on which they have bid, on terms and conditions substantially similar to those in this RFP. That option, along with negotiations described in Section 12 above, may result in a successful bidder obtaining the rights to buy and develop more than 50 lots.

## **14. Option to Develop Additional Properties not Owned by LARA**

Bidders are encouraged to independently acquire additional lots in Houston Hope neighborhoods. Additional points will be awarded on the RFP Evaluation Criteria, see **Attachment J**, for a bidder who owns or acquires, at the developer's expense, additional lots within the same neighborhood in which he is bidding.

## **15. Marketing**

Proposals should include bidder's proposed marketing plan, together with a budget per house. The budget should include a proposed reasonable marketing cost, which in the case of houses to be marketed pursuant to **Exhibit D**, will include the amounts set out in **Exhibit D**.

## **16. Security**

Builders shall be responsible for security at their building sites. The City and LARA recognize the importance of maintaining security in the targeted areas. Representatives of the City and/or LARA will be available at monthly meetings to discuss security concerns with builders and community representatives, and to increase police presence in the area as appropriate.

## **17. Items for Submission**

Please complete the following excel sheets and return each with your submission. Each of these attachments will assist LARA in evaluating your submission. The files may be found online at <http://www.houstontx.gov/lara/> as Exhibit N.

1. Builder Qualifications Excel File
2. Builder Specs Excel File
3. Bid Cost Proforma Excel File

## **18. Listing of RFP Exhibits**

<b>Exhibit A</b>	Lots Subject to this RFP
<b>Exhibit B</b>	Lot Digital Photos and Map Locator
<b>Exhibit C-1</b>	CDCs Qualified to Enter into Contracts with Builders
<b>Exhibit C-2</b>	Selection Criteria for CDCs Qualified to Enter into Contracts with Builders
<b>Exhibit D</b>	Contract Between Builder and CDC (where Builder is not CDC)
<b>Exhibit E</b>	Building Line Setback Standards
<b>Exhibit F-1</b>	Affordability Covenants
<b>Exhibit F-2</b>	Land Use Restrictions
<b>Exhibit G</b>	Energy Efficiency Standards
<b>Exhibit H</b>	Lot Utility Information
<b>Exhibit I</b>	Summary of Homebuyer Assistance Program ("HAP") and Good Neighbor Next Door Program Guidelines
<b>Exhibit J</b>	RFP Evaluation Criteria
<b>Exhibit K</b>	Maps and List of Houston Hope Area Abandoned Lots acquired by Third Parties
<b>Exhibit L</b>	Bios of CDC's Qualifying To Participate As Builder Partners
<b>Exhibit M</b>	Houston Hope Historic Housing Report
<b>Exhibit N</b>	Instructions for Builder Qualifications Builder Qualifications Excel File Instructions for Builder Specs Builder Specs Excel File Instructions for Bid Cost Proforma Bid Cost Proforma Excel File